OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Shuanglin Group directly held 44.43% of our total issued share capital. As of the Latest Practicable Date, Shuanglin Group was held by Ningbo Zhiyuan and Ninghai Baolai as to 57.14% and 42.86%, respectively. Ningbo Zhiyuan was held by Mr. Wu Jianbin (鄔建斌), an executive Director, chairman of the Board and general manager of our Company, and Ms. Wu Weijing (鄔維靜), a non-executive Director and sister of Mr. Wu Jianbin, and Ms. Wu Xiaojing (鄔曉靜), sister of Mr. Wu Jianbin, as to 90%, 5% and 5%, respectively. Ninghai Baolai was held by Mr. Wu Jianbin, Ms. Wu Weijing and Ms. Wu Xiaojing as to 90%, 5% and 5%, respectively. As of the Latest Practicable Date, Mr. Wu Jianbin and Ms. Wu Weijing also directly held approximately 4.49% and 0.03% of our Company's issued share capital, respectively.

By virtue of the Concert Party Agreements entered into among Mr. Wu Jianbin, Ms. Wu Weijing and Ms. Wu Xiaojing, Mr. Wu Jianbin, Ms. Wu Weijing and Ms. Wu Xiaojing are considered as persons acting-in-concert in respect of our Company within the meaning of the Takeovers Codes and will continue to act in concert with each other in the decision-making of our Group. For details of the Concert Party Agreements, see section headed "History, Development and Corporate Structure — Our Shareholders Acting in Concert".

Accordingly, upon the [**REDACTED**], Shuanglin Group, Ningbo Zhiyuan and Ninghai Baolai, together with Mr. Wu Jianbin, Ms. Wu Weijing and Ms. Wu Xiaojing, by virtue of the Concert Party Agreements, will be regarded as a group of Controlling Shareholders solely for the purpose of the Listing Rules as they were collectively entitled to exercise the voting rights attaching to approximately [**REDACTED**] of our total issued share capital following the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

NON-COMPETITION UNDERTAKINGS

Our Controlling Shareholders confirm that they do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our businesses, which would require disclosure under Rule 8.10 of the Listing Rules.

As of the Latest Practicable Date, there was no actual competition and it is not expected to have significant risk of cannibalization between our Group and Shuanglin Group, considering that, (a) while Shuanglin Group invests in companies engaging in the manufacturing and sale of electronic products and components, none of such investees was actively engaged in transmission and drive components for vehicles as we do, and (b) none of Shuanglin Group or other Controlling Shareholders has any interest in businesses (apart from our business) which compete or are likely to compete, directly or indirectly, with our business.

Shuanglin Group, Mr. Wu Jianbin, Ms. Wu Weijing and Ms. Wu Xiaojing (the "**Non-compete Covenantors**") entered into a non-competition undertaking in favor of our Company on September 15, 2017 (the "**Non-competition Undertaking**"). Pursuant to the Non-competition Undertaking, they have undertaken that, among others:

(1) as of the date of this Non-competition Undertaking, each of the Non-compete Covenantors does not directly or indirectly operate or invest in any business, enterprise, or entity that is identical, similar, or competitive with the business of our Group and our subsidiaries;

(2) from the date of this Non-competition Undertaking, each of the Non-compete Covenantors shall not directly or indirectly engage in, operate, or invest in any business that is identical, similar, or competitive with the business of our Company and our subsidiaries;

(3) should our Company and our subsidiaries expand our business scope, each of the Non-compete Covenantors shall not directly or indirectly engage in or invest in any business that competes with such expanded business; and

(4) this undertaking shall remain valid for as long as each of the Non-compete Covenantors remain as an affiliate of our Company. In the event of any breach, each of the Non-compete Covenantors shall compensate our Company for all direct and indirect losses and bear the corresponding legal liabilities.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying out our business independently from our Controlling Shareholders (except for the Controlling Shareholders who are also our Directors) and their respective close associates after the [**REDACTED**]. Having considered the following factors, our Directors are satisfied that we are able to carry on our business independently from our Controlling Shareholders (except for the Controlling Shareholders who are also our Directors) after the [**REDACTED**].

Our relationship with Shuanglin Group

Since our incorporation in November 2000, our business has been operating as an independent venture to focus on the automotive components industry. Our business has a clear delineation with that of Shuanglin Group, providing different products and/or services and have different business scopes. Since our incorporation, we have established ourselves as a manufacturer of transmission and drive components. Shuanglin Group, on the other hand, is an investment company that invests in a variety of businesses across different sectors. Its investments includes companies engaged in the manufacturing and sale of electronic products and components, vocational education school, and operations of high-end tourism destinations.

Management Independence

Our business has been managed and conducted by our Board and senior management team. Upon [**REDACTED**], our Board comprises four executive Directors, two non-executive Directors and four independent non-executive Directors. Each of our Directors possesses relevant management, financial or industry-related experience to contribute to the management of our business. For further information on the qualifications and experience of our Directors and senior management, see "Directors and Senior Management" in this Document.

As of the Latest Practicable Date, there are three overlapping directors between Shuanglin Group and us, namely Mr. Wu Jianbin, Ms. Wu Weijing and Mr. Chen Youfu:

Name	Positions, Roles and Responsibilities in our Group	Positions, Roles and Responsibilities in Shuanglin Group
Mr. Wu Jianbin	Chairman of the Board, executive Director and general manager, responsible for managing the operations of the Board, overall strategic planning, presiding over the work of the Board and business direction, and risk management of our Company	Chairman of the board of director. Mr. Wu Jianbin is not involved in the day-to-day operations and management of Shuanglin Group

Name	Positions, Roles and Responsibilities in our Group	Positions, Roles and Responsibilities in Shuanglin Group
Ms. Wu Weijing	Non-executive Director, responsible for providing professional opinion and judgment to the Board	Non-executive director in nature. Ms. Wu Weijing is not involved in the day-to-day operations and management of Shuanglin Group
Mr. Chen Youfu	Executive Director, deputy general manager and general manager of the hub bearing division (軸承事業部) of our Group, responsible for overseeing the operations and day-to-day management of our Group and the operations of the hub bearing division of our Group	Non-executive director in nature. Mr. Chen Youfu is not involved in the day-to-day operations and management of Shuanglin Group

On the basis of the following reasons, our Directors consider that we are able to carry on our business independently from our Controlling Shareholders from a management perspective for the following reasons:

- although each of Mr. Wu Jianbin, Ms. Wu Weijing and Mr. Chen Youfu is a director at Shuanglin Group, each of them was not directly involved in the daily operations of Shuanglin Group. Except for Mr. Wu Jianbin, Ms. Wu Weijing and Mr. Chen Youfu, there was no other overlapping director or senior management member between Shuanglin Group and us during the Track Record Period. In particular, two of the executive Directors, namely, Mr. Zhang Zisheng and Mr. Ge Hai'an, do not hold any position in Shuangling Group. For details, see "Directors and Senior Management";

- each of Mr. Wu Jianbin, Ms. Wu Weijing and Mr. Chen Youfu shall abstain from voting on resolutions on matters involving transactions with, in particular connected transactions with Shuanglin Group, if any, in any event.

- each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;

- four out of our ten Directors are independent non-executive Directors who have extensive experience in different professions. They have been providing independent oversight and will continue to independently monitor the formulation and implementation of major decisions of our Company based on their skills and qualifications and related professional experience;

- we have established clear reporting lines among the management team of our Company and between our management team and the Board, and our management team ultimately reports to the executive Directors, who are responsible for reporting to the Board. The Board supervises and monitors the performance of our Company's management team generally through receiving regular reports from our executive Directors, attending regular meetings and other ad hoc meetings of our Board to consider, deliberate and approve material matters which exceed the delegated authorities of our management team, as well as through the regular updates provided to our Directors of our operational and financial information;

- as an A-share listed company, we have formulated and adopted a comprehensive internal control and management system in compliance with the relevant requirements of the rules of the Shenzhen Stock Exchange. The Articles of Association has also included relevant provisions to manage conflict of interest, pursuant to which our Directors are prohibited from voting in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest, and shall not be counted in the quorum present at the particular Board meeting; and

- we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Company and our Controlling Shareholders which would support our independent management. See "— Corporate Governance Measures."

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Company independently.

Operational Independence

We do not rely on our Controlling Shareholders and their close associates for our business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or our company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from the Controlling Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources. We also have full powers to make all decisions regarding, and to carry out, our own business operations independently from our Controlling Shareholders.

Save for certain transactions that we entered into with the associates of our Controlling Shareholders, we have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. For details, see "Connected Transactions." We are also in possession of all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the foregoing, our Directors believe that we are able to operate independently of the Controlling Shareholders and their close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Company's own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. Moreover, we open and manage our bank accounts independently, and have never shared any bank account with members of our Controlling Shareholders. We are also capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders in view of our Company's strong financial position, steady cash flow generation and level of liquid assets as well as our ability to raise funds on a standalone basis.

During the Track Record Period, Shuanglin Group has provided guarantees for certain loans of our Group. As of December 31, 2025, Shuanglin Group provided guarantees (the "**Controlling Shareholders' Guarantees**") in favor of our Group for certain credit facilities we obtained from banks in an aggregate amount of approximately RMB1,092,800,000 (the "**Shuanglin Group Guaranteed Facilities**"). These guarantees are ongoing and relate to ordinary course business operations.

Our Directors are of the view that premature discharge of all outstanding Controlling Shareholder' Guarantees before the [**REDACTED**] would not be commercially viable and would be unduly onerous to our Company and would not be in the best interests of our Company and our Shareholders, considering that early discharge of the Controlling Shareholder' Guarantees would require renegotiation of the terms with the relevant banks, and the renegotiation would be time-consuming and may affect our normal operation.

Notwithstanding the above, our Directors are of the view that we are financially independent of our Controlling Shareholders and/or their close associates for the following reasons:

(i) As of December 31, 2025, the aggregate outstanding loans that was withdrawn under the Shuanglin Group Guaranteed Facilities and therefore involved guarantee from Shuanglin Group (the "**Shuanglin Group Guaranteed Loans**") consist of (i) RMB200,000,000 principal amount that is solely guaranteed by Shuanglin Group, (ii) RMB254,000,000 principal amount that is jointly guaranteed by Shuanglin Group and secured by assets provided by our Group; (iii) an interest of approximately RMB0.3 million guaranteed solely or jointly by Shuanglin Group.

(ii) we are capable to settle the Shuanglin Group Guaranteed Loans upon request. As of December 31, 2025, we had cash and cash equivalent in the amount of RMB561,915,000, and unutilised banking facilities (excluding those under the Shuanglin Group Guaranteed Loans) in the amount of RMB1,175,000,000, the total of which is able to cover the Shuanglin Group Guaranteed Loans; and

(iii) we are able of obtaining independence financing and resources to cover the Shuanglin Group Guaranteed Loans. We have obtained unconditional commitment letters from independent third party commercial banks who have indicated that they are willing to provide our Group with credits facilities equal to a total amount of approximately RMB1,800,000,000, and such commitment letters did not request for any guarantee, security or financial support granted by our Controlling Shareholders, subject to regulatory requirements and the customary credit policies of such banks.

Based on the above, our Directors believe that we have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective and are able to maintain financial independence from, and do not place undue reliance on, our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Company shall comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance. Our Directors recognize the importance of good corporate governance in the protection of our Shareholders' interests. We shall adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests:

- as part of our preparation for the [**REDACTED**], we [have amended] our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that a Director shall not vote on any resolution in which such Director is connected with our Company or individual involved;

- we have established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if we enter into further connected transactions with any of our Controlling Shareholders or each of their respective associates, our Company shall comply with the applicable Listing Rules;

- we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed four independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and that they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and shall be able to provide an impartial and external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in "Directors and Senior Management — Board of Directors — Independent Non-executive Directors;"

- in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Company on the one hand and our Controlling Shareholders and/or our Directors on the other hand, our Controlling Shareholders and/or our Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through our annual report or by way of announcements; and

- we have appointed Somerley Capital Limited as our compliance advisor, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Company and the Controlling Shareholders, and to protect minority Shareholders' interests after the [**REDACTED**].